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C O N F I D E N T I A L SECTION 01 OF 02 JERUSALEM 000470

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NEA FOR FRONT OFFICE; NEA/IPA FOR  
WILLIAMS/SHAMPAINE/BELGRADE; NSC FOR ABRAMS/DORAN/WATERS;  
TREASURY FOR NUGENT/HIRSON; USEU FOR LERNER; STATE PLEASE  
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SUBJECT: REACTION TO EC CONCEPT PAPER ON AN INTERNATIONAL  
MECHANISM FOR SUPPORT TO PALESTINIANS

Classified By: Consul General Jake Walles for reasons 1.4 (b) and (d).

¶1. (C) Summary: The European Commission's draft concept paper on an international mechanism for support to Palestinians is largely focused on a further revision of the donor coordination mechanism, rather than the content of assistance. Both Salam Fayyad and the Norwegians have expressed opposition to changes in donor structures at this time. The concept paper does not describe how the TIM would be further developed, as the Quartet requested, nor does it offer any analysis of the TIM's effectiveness to date. It also does not clearly delineate projects on governance and institution building that could be executed under current political conditions. The paper does discuss security and economic development, but there is no mention of the U.S. Security Coordination Mission's work on security sector transformation or on the Karni Project. End summary.

Request from Quartet  
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¶2. (C) The Quartet's February 2 statement called "for the Temporary International Mechanism to be further developed to support the political process, to identify suitable projects for international support in the areas of governance, institution building and economic development, and urged other members of the international community to consider practical support to the parties." The European Commission's (EC) early March draft concept paper offers its perspectives on how to respond to the Quartet's call.

EC suggesting another revised  
donor coordination mechanism  
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¶3. (C) The EC's paper suggests a scope and structure for the creation of an "International Mechanism for Support to Palestinians." Rather than proposing specific "suitable projects for international support," it suggests a further revision of the donor coordination mechanism, which was most recently revised at the December 2005 Ad Hoc Liaison Committee (AHLIC) meeting. It suggests three channels for coordination under an "International Consultative Group:" Social and Emergency Assistance; Governance and Institution Building; and Economic Development. These three groups already exist under the December 2005 donor coordination mechanism as strategy groups. The Infrastructure Strategy Group, a fourth group, was established in December 2005, with the USG as a joint chair with the PA. Given the USG contact policy, there have been no meetings of that group. The other three strategy groups have met and continue to meet, with

Palestinian Authority participation at a technical level. As a result, USG officials do not participate in those meetings.

The EC's suggested parameters largely exist already in practice for these groups. Given the fluidity of the political situation, we do not advocate formalizing those arrangements, especially those that do not automatically include the parties. Instead, we support continuing the current modified arrangements but without formally changing the December 2005 arrangements.

¶4. (C) The concept paper goes on to mention social and emergency assistance but it does not suggest any revised or new arrangements. It does not describe how the TIM would be further developed. While it does note that the TIM should be phased out when the PA has the financial means to deliver social assistance programs and meet its payroll, it does not offer any suggestions on how the TIM should be modified or "further developed," per the Quartet statement.

Governance projects need  
more delineation  
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¶5. (C) On governance and institution building, the EC draft concept paper does not discuss the nature of projects that could be executed under current circumstances. The paper supports "twinning," defined as technical assistance secondments within the public administration, which Salam Fayyad did not support when he was previously Finance Minister. Instead, he advocated for training and developing the Palestinian staff.

No mention of USSC mission  
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¶6. (C) In both sections of the concept paper on security and on economic development, there is no mention of the U.S. Security Coordination mission and its coordination role for donor support to security sector transformation and improvements to the Palestinian side of the Karni/al-Mintar crossing. The paper does, however, specifically mention the EUCOPPS and EU-BAM missions.

Reaction to paper from Fayyad and Norwegians  
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¶7. (C) Former PA Finance Minister and current PLC member Salam Fayyad told the Consul General March 9 that he thought the concept paper was "shoddy work" with longer-term decisions based on short-term considerations. He said that any modifications to the donor coordination structures can wait until there is a clearer understanding of the new government and its policies; he asked that the Quartet not formalize a system that does not allow for PA participation. He advocated that any modifications be referred to the Ad Hoc Liaison Committee and urged that some consideration be given to holding an AHLC meeting "down the road." Not having regular AHLC meetings, allows the Europeans to try to modify the arrangements, he said.

¶8. (C) Norwegian Representative Sten Arne Rosnes told the Consul General March 8 that he questioned the European Commission's urgency and believed it would be better to wait and see what type of Palestinian government is formed. He said that, while the Norwegian government agrees with the aims of the paper, it questioned the proposed changes in donor mechanisms. He also thought it ill-advised to move to a formal donor coordination system that leaves the two parties without any responsibilities. Lastly, he hoped that the March 13 Brussels meeting would be the start of a discussion and not a decision point. Rosnes confirmed that Vegar Ellefsen, the Norwegian Foreign Ministry Director General for the Southern Hemisphere and Assistance, would lead the Norwegian delegation to the Brussels meeting. He

said they would appreciate the opportunity to meet with the  
USG delegation before the meeting, if possible.  
WALLES